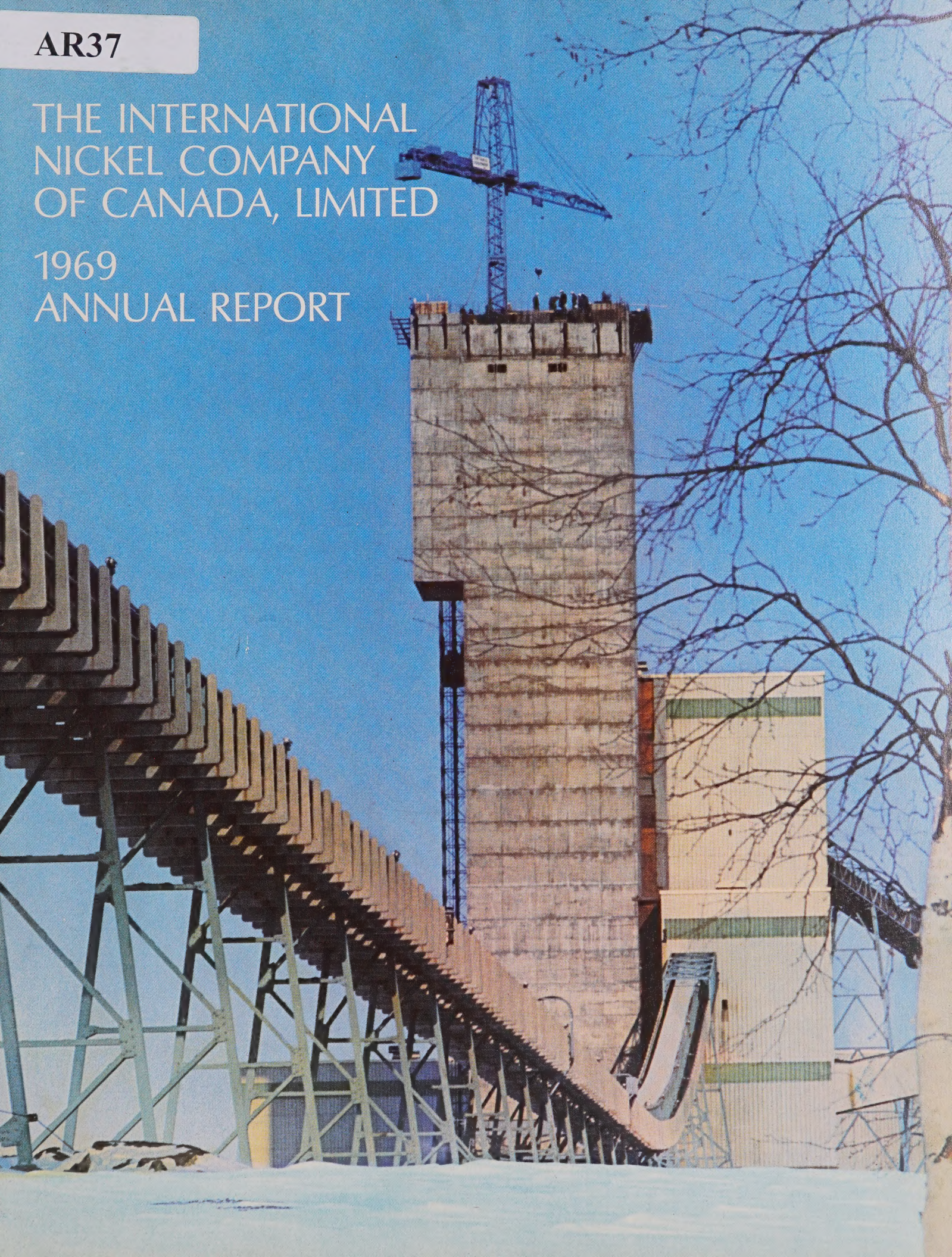


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THE INTERNATIONAL  
NICKEL COMPANY  
OF CANADA, LIMITED

1969  
ANNUAL REPORT





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### THE COVER:

*Construction of the headframe for the new No. 9 shaft at the Frood-Stobie mine in the Sudbury District is representative of International Nickel's extensive expansion program in Canada. The Frood-Stobie mill is in the background.*

# THE INTERNATIONAL NICKEL COMPANY OF CANADA, LIMITED

## 1969 ANNUAL REPORT

### Results in Brief

	1969	1968
NET SALES & OTHER INCOME ..	\$ 705,304,000	\$ 781,322,000
COSTS, EXPENSES & INCOME TAXES .....	\$ 588,761,000	\$ 637,577,000
NET EARNINGS .....	\$ 116,543,000	\$ 143,745,000
PER COMMON SHARE .....	\$1.56	\$1.93
COMMON DIVIDENDS .....	\$ 89,282,000	\$ 91,475,000
PER COMMON SHARE .....	\$1.20	\$1.23
INCOME TAXES .....	\$ 57,698,000	\$ 86,837,000
CAPITAL EXPENDITURES* .....	\$ 175,182,000	\$ 175,384,000
EXPLORATION EXPENDITURES* ..	\$ 19,896,000	\$ 17,028,000
TOTAL ASSETS**† .....	\$1,477,019,000	\$1,396,156,000
ORE MINED (wet short tons) .....	18,800,000	24,900,000
NICKEL DELIVERIES (pounds) .....	382,170,000	480,840,000
COPPER DELIVERIES (pounds) ....	208,220,000	314,160,000
PLATINUM-GROUP METALS & GOLD DELIVERIES (troy ounces) ...	421,500	440,900
EMPLOYEES** .....	34,321	33,314
SHAREHOLDERS** .....	84,219	75,587

\*Includes capitalized exploration expenditures.

\*\*At year end.

†Does not include any value for the minerals in the major portion of the Company's ore reserves.

*La traduction en français de ce rapport  
sera envoyée sur demande.*

*Dollar figures in this Report are expressed in United States currency, unless otherwise stated.*





## Chairman's Message to Shareholders

The dominant factor affecting the Company in 1969 was the 128-day strike at our Ontario facilities. It affected all of our activities. It seriously reduced deliveries and earnings. It worked severe hardships on customers. It delayed construction work on our large expansion program in Canada. And it postponed the day when we shall be able to meet fully our customers' demands for nickel.

On the positive side, the strike was brought to an end without permitting any undue restrictions on the functioning of the Company's management responsibilities and with a wage and benefit package not out of line with those of other large industrial employers in Ontario.

Factors that complicated the negotiations included the atmosphere of high expectations of employees resulting from earlier very large wage settlements in Ontario, particularly in

the construction industry; the fact that three other large companies in Ontario were in negotiations and on strike at the same time; and the nickel shortage.

In another development during 1969, certain of the provisions contained in the Canadian Government's proposals for tax revisions held potentially serious consequences for the Company. These would significantly reduce the long-standing tax incentives that have been a key element in the growth of Canada's mineral industry, and would penalize overseas operations of Canadian companies, particularly in developing countries. The proposals would result in mining being more heavily taxed than other industries. The Government has, however, postponed tax legislation and has instead presented its proposals in the form of a White Paper, calling for comments and suggestions. We, along with other mining companies, are responding to this request and are hopeful that reasonable provisions will emerge that recognize the unique risks of the industry and its need to compete successfully with other industries for capital. It is not in Canada's self-interest to stunt the growth of its mining industry or penalize Canadian companies as they seek producing properties outside the country in competition with companies based in other countries.

As far as our Company is concerned, a significantly increased tax burden could quite seriously affect the economic viability of the low-grade properties we are developing or are contemplating in Canada. As the pattern of future nickel production in the world unfolds, it is clear that no one country or area has a unique position, and that we are increasingly and rapidly moving to a stage of intensified competition among nickel-producing areas throughout the world. Many factors affect the costs involved in developing an ore body; the tax burden is a most important one.

As we have stated in recent Annual Reports, your Company has done a great deal to eliminate, treat or contain pollutants affecting the plant and animal life, water and air near our facilities. It is clear, however, that nearly everywhere past standards are no longer acceptable. Industry, governmental bodies and the public must all be involved in improving environmental conditions and in recognizing the financial burdens involved.

The Company's major environmental problem is in Canada, particularly in the Sudbury area. Here, we are working in close collaboration with the Ministry of Energy and Resources Management of the Province of Ontario to determine an effective and rational program. For the near term, we are taking further and costly steps to decrease pollutants and their adverse effects. These will bring about a significant improvement in the area's environment. But beyond them the longer-term answers are not simple, and many are still unknown. To succeed requires a determination to make envi-



ronmental protection a key objective, just as safety of operations, efficiency and production have been traditional and achieved objectives with us. We have that determination. There can be no spectacular overnight breakthroughs, but rather there must be a well-considered program drawing upon advanced technology, a program that involves a proper balance between meeting environmental goals and continuing the development of the area's mineral resources and thus insuring large and continuing employment.

What lies ahead for the nickel industry and International Nickel? The long-term market for nickel remains strong. Industry's insatiable drive for efficiency accelerates the need for materials of constantly higher quality. Nickel-containing materials serve this need. As a large producer and as a developer of nickel-containing materials and nickel-consuming processes, our capacity to help our customers provide these materials for tomorrow's needs remains strong and is growing.

The greatest need we face today is for increases in production to close the gap between supply and demand and to make it possible, in cooperation with our customers, to develop and expand aggressively the future markets for nickel. The world cannot count on Canada alone for the production increases that the long-term future will require. Large increases must come from the lateritic ores found in the tropical and subtropical areas. Attempts to bring these deposits into production involve extensive and high-risk exploration, followed by the sound solution of difficult and time-consuming technical, financial and political problems. The Company has been dealing with all of these aspects most actively, with the result that our projects outside of Canada drew closer to realization during 1969.

More immediately, our production expansion will come from the development of presently known Canadian deposits. In 1972, production from these will reach 600,000,000 pounds a year. Other producers, both new and established, are also bringing on stream new or expanded production. Thus in 1972 we may see the beginning of a closing of the gap between supply and demand. This outlook of itself will stimulate further market growth and should make it unlikely that over any long term the nickel industry will suffer from an excess of production.

Our current program to expand our Canadian production started in 1966. It has now reached the period of peak construction activity. By the end of 1972, we estimate, we shall have invested \$1,100,000,000 in this program, which is greater than the combined total of all the capital expenditures of the Company prior to 1966. But this is not our entire program of production expansion. Beyond it lies our participation in projects outside of Canada. No precise timetable nor forecast is possible, but investments by us and by

our associates in them could be in excess of \$500,000,000 over the next half decade.

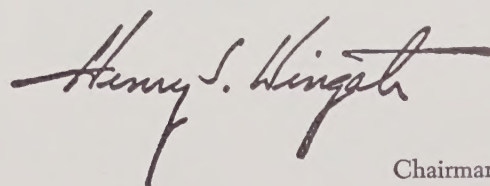
To support programs on the scale of these within and without Canada, to attract the capital needed, and to justify the risks involved, International Nickel must substantially improve its earnings and its earnings prospects. This was one of the considerations that led to the decision in November to raise the price of our primary nickel products.

The key to the future for the Company lies in being able to build on its present strengths, and at the same time, to adapt to the emerging production and consumption patterns of tomorrow. We are in a stepped-up process of moving away from being a company with highly centralized operations and with corresponding centralization of responsibility. With the progress of our major expansions in Ontario and Manitoba, our General Managers at these locations are carrying greater and greater responsibilities. Reflecting this, each has been elected a Vice President of the Company. We have established a new office in Australia headed by a Vice President to provide leadership in the Southwest Pacific area as our projects there, notably in Australia and Indonesia, begin to move from the exploration to the early development stage. We have also increased the authority of and strengthened our staffs in Paris and Guatemala, who deal with our New Caledonian and Guatemalan projects; and we have provided for more effective coordination of services from our headquarters staffs in support of our overseas projects.

We are proceeding rapidly on a variety of management training and motivation programs throughout the Company at nearly all levels. To give special attention to these programs in Canada and to strengthen our industrial relations in every way we can, the Board recently elected an additional Vice President. He and an enlarged staff will devote their full attention to these industrial relations and personnel programs.

Additionally, we have considerably expanded our engineering organization, which is responsible for the design and construction of our expanding facilities. We have also increased our technical and scientific staffs, particularly those involved in process research and the application of our technology to evolve optimum extractive processes for the wide variety of ores available to us.

Ahead, then, we see a period when the emphasis will be on new production and heavy capital investment. The nickel industry is healthily growing, largely because of what International Nickel has done in the past. Our objective is to compete aggressively and successfully in this growing market. To do this we are adapting our organization and strengthening all our human, physical and financial resources.



Chairman

February 19, 1970



*An aerial view of the Pipe mine in the Thompson area, one of eight new mines under development by International Nickel in Canada. Following removal of some 12,600,000 cubic yards of overburden, rock excavation is now underway to prepare the ore body for mining.*





Copper Cliff, Ontario  
February 19, 1970

## FINANCIAL AND OPERATIONAL RESULTS

### *Net Earnings and Dividends*

Net earnings for 1969 were \$116,543,000, or \$1.56 a share, compared with \$143,745,000, or \$1.93 a share, in 1968. The decline was caused by the strike at the Company's Ontario Division, which shut down 75 per cent of International Nickel's basic production for 128 days, and thus curtailed deliveries of the Company's products.

Dividends were \$89,282,000, or \$1.20 a share, in 1969, compared with 1968's record dividends of \$91,475,000, or \$1.23 a share. The Company paid quarterly dividends of 30 cents a share in March, June, September and December; it has not missed paying a quarterly dividend in 36 years. No year-end extra dividend was paid.

### *Deliveries of Metals*

The strike at the Company's Ontario facilities severely affected deliveries in 1969. It resulted in a production loss of 140,000,000 pounds of nickel and 125,000,000 pounds of copper. Because production was resumed more rapidly than anticipated, these losses are less than originally estimated. Full pre-strike levels of deliveries will be reached in the second quarter of 1970.

The Company's 1969 deliveries of primary nickel were 309,940,000 pounds, and nickel delivered in rolling mill products was 72,230,000 pounds. Total deliveries of nickel in all forms were 382,170,000 pounds, compared with 480,840,000 in 1968. The factors favorably affecting 1969 deliveries were: the record level of production during the first half of the year and uninterrupted production at the Manitoba Division throughout the year; a sharp

drawdown in inventories at the Company's rolling mills; and the delivery of purchased nickel to customers on a no-profit basis.

The following table shows the Company's deliveries of other metals in 1969, compared with 1968:

	1969	1968
Copper (pounds) . . . .	208,220,000	314,160,000
Platinum-group metals* and gold (troy ounces) . . . . .	421,500	440,900
Silver (troy ounces) . .	1,111,000	1,607,000
Cobalt (pounds) . . . .	1,870,000	1,790,000
Iron ore (long tons) . .	758,000	654,000

\* Platinum, palladium, rhodium, ruthenium, iridium, osmium.

In addition, selenium, tellurium and sulphur were recovered from the Company's ores.

### *Prices*

On November 24, the Company increased the price of its primary nickel products. The Company's price for electrolytic nickel in the United States rose from \$1.03 a pound to \$1.28, and in Canada from \$1.11¼ (Can.) to \$1.38. In the United Kingdom, the price for electrolytic nickel, and for refined nickel pellets produced at the Company's refinery at Clydach, Wales, rose from £986 to £1,220 a long ton, or £1,200-10s. a metric ton. There were corresponding increases in the prices for the Company's other primary nickel products.

The pricing action was necessary to help produce the earnings required to support the Company's very large Canadian expansion program and to cover the sharply increased costs of production. The increase brought the Company's prices closer to the value placed on nickel in the merchant market prior to the aggravated shortage caused by the strike.

During the year, the Canadian price of copper was increased from 45 cents (Can.) a pound to 57 cents. In late December, further increases to 66 cents a pound were announced. On January 13, 1970, the Company and other producers suspended this increase for the months of January and February in response to a request by the Canadian Government. As a result, for that period the price in Canada was held at 57 cents (Can.), which was lower than in any other industrial country.

International Nickel traditionally markets the major portion of its copper in Canada and the remainder in the United Kingdom and Europe. The Company's European price for copper is based on the London Metal Exchange settlement price for copper wirebars. During 1969, this price ranged from a low of £510 a long ton to a high of £746. This is equivalent to a range of 59 cents (Can.) a pound to 86.5 cents.

Industrial demand for platinum remained strong during 1969, but receded for the other platinum-group metals. The average published price of platinum increased from \$122.50 a troy ounce to \$132.50 on November 1. The average published prices of the other platinum-group metals decreased during 1969. Palladium went from \$46 a troy ounce to \$38; rhodium from \$247.50 to \$222.50; iridium from \$187.50 to \$162.50; and ruthenium from \$57.50 to \$52.50.

The market price for gold in the United States was \$42.05 a troy ounce at the beginning of 1969, reached a high of \$44.05 on March 10, and was \$35.40 on December 31.

The New York price for refined silver was \$1.90 a troy ounce at the beginning of 1969, rose to a high of \$2.025 on January 15, fell to a low of \$1.54 on June 27, and was \$1.80 at year end.

Cobalt rose in price during 1969 from \$1.85 to \$2.20 a pound, with somewhat higher increases for cobalt compounds, the form in which all of the Company's cobalt is now sold.

## PRODUCTION FACILITIES

To meet customers' demands for nickel, the Company made strenuous efforts to increase its rate of production in 1969. During the first six months

of 1969, prior to the strike in the Ontario Division, the Company's production was increasing progressively and reached record levels averaging some 40,000,000 pounds of nickel a month.

This increasing production rate was achieved despite a shortage of labour, particularly at the Manitoba Division, and despite the decreasing grade of ore being mined. At the same time, work went forward in both Divisions to open up new sources of ore to replace those being mined and to develop additional sources to allow for increased production rates. These efforts, coupled with the large construction program underground and on the surface, placed heavy demands on operating personnel. The high and steadily increasing production rate prior to the strike reflects the Company's advances in mining methods and process technology, and increased mechanization.

## Capital Expenditures

The Company's program to modernize and expand its Canadian facilities to increase its annual nickel production capability to 600,000,000 pounds by late 1971 was delayed by the strike. It is now expected that the increase will be achieved in 1972.

Because of the halt in most construction work in the Ontario Division during the strike, capital expenditures, which were expected to be \$200,000,000 in 1969, were \$175,182,000. Capital expenditures for 1969 and 1968 were:

	1969	1968
<i>Mines</i>		
Ontario .....	\$ 37,340,000	\$ 47,524,000
Manitoba .....	28,657,000	24,749,000
<i>Plants</i>		
Ontario .....	51,899,000	27,538,000
Manitoba .....	21,050,000	39,303,000
United Kingdom	2,223,000	2,097,000
<i>Rolling Mills</i>		
United States ..	17,909,000	20,586,000
United Kingdom	1,413,000	688,000
<i>Other Facilities</i>		
Canada .....	1,937,000	3,256,000
United States ..	365,000	1,334,000
Other Countries	12,389,000	8,309,000
Totals .....	<u>\$175,182,000</u>	<u>\$175,384,000</u>



Capital expenditures for 1970 are expected to reach \$250,000,000, of which \$185,000,000 will be spent in Canada.

### Producing Mines

International Nickel's nine producing mines in Ontario and two in Manitoba yielded 18,800,000 wet short tons of ore in 1969, compared with 1968's record yield of 24,900,000 tons.

As part of the continuous program to maintain and expand production at existing mines in Ontario and Manitoba, sinking was completed on the deepest continuous mine shaft in the Western Hemisphere. This was the 7,138-foot No. 9 shaft of the 69-year-old Creighton mine in the Sudbury District. Expansion also went forward at four other producing mines.

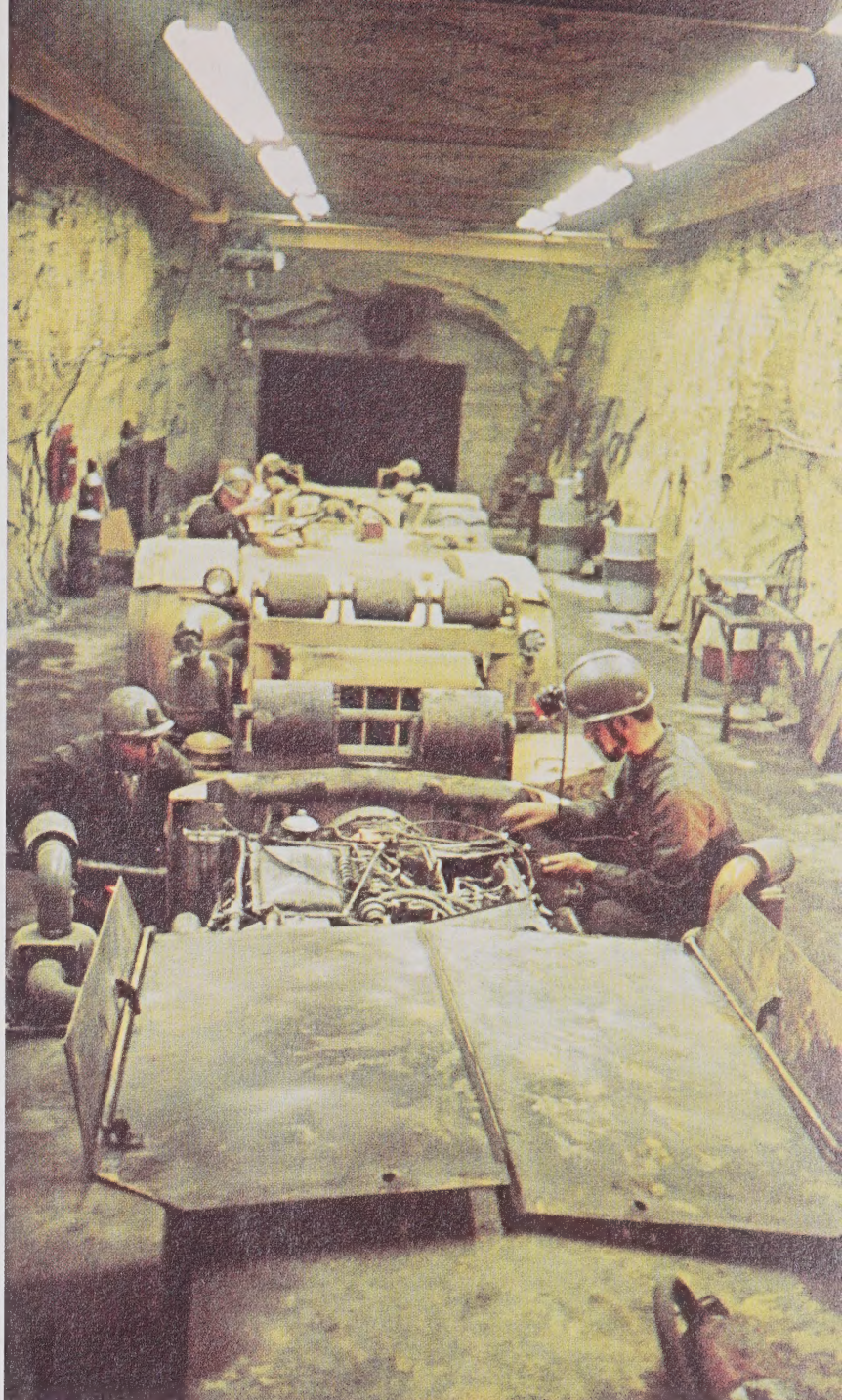
The nine mines in the Ontario Division are currently scheduled to produce ore at the rate of about 88,000 tons a day and the two in the Thompson Division, 12,000 tons a day, for a total daily production schedule of about 100,000 wet short tons.

The 11 producing mines, and their approximate production rates per mine day, are:

<i>Ontario Division</i>	<i>Wet Short Tons</i>
Frood-Stobie .....	30,000
Creighton .....	20,000
Clarabelle .....	11,000
Levack .....	8,000
Murray .....	7,500
Crean Hill .....	5,000
Garson .....	5,000
MacLennan .....	1,000
Totten .....	500
<i>Manitoba Division</i>	
Thompson .....	8,000
Birchtree .....	4,000

### Development of New Mines in Canada

As part of the Company's expansion program, work continued in 1969 on International Nickel's eight new mines, three of which are scheduled to start, or reach full, production in 1970. These three



*Load-haul-dumpers for "ramp mining," a comparatively new technique to expedite recovery of lower-grade nickel ores, are serviced at this underground garage in the Creighton mine.*





*The Coleman mine in the Sudbury District is scheduled for full production in 1972. The hoist room is on top of the headframe.*





are Copper Cliff North and Kirkwood in Ontario, and Soab in Manitoba. All eight new mines are expected to be in production in 1972.

When all currently planned expansion projects are completed, International Nickel's approximate daily capacity will increase from 100,000 to 150,000 tons of ore, of which 118,000 will be produced in Ontario and 32,000 in Manitoba.

The eight mines under development, and their projected approximate daily capacities, are:

<i>Ontario Division</i>	<i>Wet Short Tons</i>
Copper Cliff North .....	8,000
Little Stobie .....	8,000
Copper Cliff South .....	6,000
Coleman .....	4,000
Shebandowan .....	3,000
Kirkwood .....	1,500
 <i>Manitoba Division</i>	
Pipe .....	16,000
Soab .....	4,000

### *Expansion and Modernization of Surface Facilities*

During 1969, the Company continued to expand and modernize its surface facilities so that it can process the increased tonnages of ore resulting from the Company's mine development program.

Construction was begun on the large Clarabelle mill in Copper Cliff that will be able to process 35,000 tons of ore a day. This will make increased milling capacity available for upgrading concentrates, and thus increase the smelter's efficiency. It is scheduled for completion late in 1971 and will be the Company's fifth mill in the Sudbury District.

Construction work was continued on the new and novel Inco Pressure Carbonyl refinery in Copper Cliff, which will have an annual capacity of 100,000,000 pounds of nickel pellets and 25,000,000 pounds of nickel powders. Work was delayed by the strike and is now scheduled for completion in 1972.

Further work on the Copper Cliff iron ore recovery plant expansion program has been deferred so that construction efforts can be concentrated

on those facilities that contribute the most rapidly to the Company's nickel-producing capacity. The expansion of the iron ore plant, which is now scheduled for completion in late 1972, will increase the plant's production capacity from 900,000 to 1,100,000 long tons of iron ore a year, as well as contributing to the Company's nickel-producing capacity.

Work is going forward currently on the construction of the 1,250-foot chimney—the highest in the world—which by highly effective dispersion will reduce sulphur dioxide in the Sudbury area to levels well below standards set by government authorities. The installation of a fourth fluid bed roaster in the nickel oxide plant and enlargement of the copper refinery are also progressing.

The planned expansion of International Nickel's electric power distribution capacity in Copper Cliff was completed during 1969. The capacity of the main sub-station was doubled and three subsidiary sub-stations were built.

Expansion of the surface facilities in Thompson was completed in 1969. This included nearly doubling the daily capacity of the Thompson mill, and more than doubling the smelter capacity through the installation of new electric furnaces.

### *Expansion Projects Outside Canada*

During 1969, International Nickel was engaged in exploration or development in many parts of the world. The principal areas were Australia, Indonesia, New Caledonia and Guatemala.

Work also continued on properties held by the Company in Minnesota and the British Solomon Islands Protectorate. Most of the deposits are lateritic, or oxide, ores, while the Company's deposits in Canada are sulphide ores.

*Southwest Pacific*—Recognizing the potential for future nickel production in the Southwest Pacific, International Nickel opened a new office in Sydney, Australia, headed by a senior officer, to provide leadership and coordination of its activities in the region.

In Australia, International Nickel, working with The Broken Hill Proprietary Company Limited, continued its major exploration effort in the Kal-



goortie region of Western Australia where important nickel deposits have been found by others. These efforts led to the discovery in 1969 of interesting deposits of nickel sulphide mineralization near the town of Widgiemooltha, Western Australia. Work will begin in April 1970 on the sinking of a 1,000-foot shaft that will permit extensive exploration at depth and the hoisting of bulk samples for metallurgical testing.

The Company is also collaborating with Broken Hill in work on a lateritic nickel deposit at Rockhampton, Queensland. Evaluation of this deposit continued during 1969.

At Wingelinna, Western Australia, a comprehensive study was initiated during the year to determine whether, in light of current circumstances, development of a lateritic nickel deposit discovered in the late 1950's is now economically feasible. This deposit is held by Southwestern Mining Limited, an Australian company in which International Nickel is the majority shareholder. The new study is expected to be completed by mid-1970.

Exploration is proceeding rapidly on the Indonesian island of Sulawesi, where P.T. International Nickel Indonesia, a wholly owned subsidiary, is investigating lateritic nickel deposits in a 25,000-square-mile area. Results so far have been encouraging.

Exploration and feasibility work were continued on lateritic nickel deposits in the British Solomon Islands Protectorate during 1969.

*New Caledonia*—On March 14, 1969, after final approval by the French Government, International Nickel entered into a definitive agreement with a consortium of public and private French interests looking to the development of previously untapped nickel deposits on the French Pacific island of New Caledonia. This agreement implements the preliminary agreement entered into in late 1967. The accord gives International Nickel a 40 per cent shareholding in Compagnie Française Industrielle et Minière du Pacifique (Cofimpac), the French company set up to develop the New Caledonian deposits.

International Nickel is charged with the technical aspects of the project and is currently completing

a feasibility study that includes large-scale pilot plant testing of ore samples. This work will be completed in mid-1970 and is expected to lead to initial production in 1974.

The objective of the Cofimpac project is to add some 100,000,000 pounds of nickel a year to the world supply.

*Guatemala*—The Guatemalan project requires only the completion of arrangements with Guatemalan authorities before large-scale construction can begin. During 1969, work moved forward on preparation of the plant site and on preliminary mine development. Plans for the project were reviewed and modified to increase the plant capacity to 60,000,000 pounds of nickel a year and to produce in Guatemala fire-refined nickel as the end-product. The Guatemalan company, Exploraciones y Explotaciones Mineras Izabal, S.A. (Exmibal), is owned 80 per cent by International Nickel and 20 per cent by The Hanna Mining Company, but provisions are being considered to allow for a 25 per cent participation in the project by Guatemalan and other Central American investors. Total investment in the project is currently expected to be \$205,000,000.

*Minnesota*—Drilling continued on the Company's copper-nickel leases near Ely, Minnesota, in the United States. Evaluation of this low-grade sulphide deposit went forward.

### *Process Research and Technology*

Process research concerns the development of new extractive metallurgy processes for new and existing plants. Process technology concerns the maintenance and improvement of the efficiency of processes in use in existing plants.

During 1969, considerable progress was made in both of these fields, and in strengthening the Company's process research and technological staffs. There are today close to 200 professionals working in these areas. Their efforts are aimed at the problems caused by steadily increasing costs, the increasing dependence on leaner ores, the urgency of minimizing environmental problems of all types, and the need to deal with a wide variety of ores, both sulphide and lateritic.



The process research work is concentrated at the J. Roy Gordon Research Laboratory in Sheridan Park, near Toronto, and at the extensive pilot plant complex at Port Colborne, Ontario. Hydrometallurgy, pyrometallurgy and vapometallurgy research and tests were carried out at these facilities on a wide variety of sulphide and lateritic ores. Some of this work was of a long-term research nature. Much of it, however, was aimed at applying as quickly as possible the Company's accumulated knowledge to determine the optimum processing

methods for the many different ores from deposits being explored or developed by the Company.

### *Exploration*

International Nickel intensified its worldwide search for nickel deposits during 1969. These operations employ some 1,300 geologists, geophysicists, mining engineers and support personnel.

The Company spent a record \$19,896,000 on exploration in 1969, compared with \$17,028,000 in

*Indonesian workers use a drill rig to obtain ore samples on the island of Sulawesi. The Company is exploring and evaluating nickel deposits over a 25,000-square-mile area.*





*The results of surface drilling, such as this operation with a rotary percussion drill, at Widgiemooltha, Western Australia, have encouraged International Nickel to construct a shaft there to permit exploration at depth.*





1968. More than 70 per cent of this was spent in Canada, mostly on the Company's properties in Ontario and Manitoba, where work was carried out in 47 working places in 20 mines, including the location of the Victoria mine in the Sudbury District.

Field work was carried out in support of the Company's overseas projects in Australia, Indonesia, New Caledonia, Guatemala, and the British Solomon Islands Protectorate, and in Minnesota.

Field explorations were conducted in Ontario, Quebec, Manitoba and Saskatchewan in Canada; and in Africa, Panama, Costa Rica, and elsewhere. In the United States, properties were examined in Washington, Arizona and Virginia.

Investigations of the sea as a potential source of nickel, which were begun several years ago, continued throughout the year. The Company studied a large number of different systems for recovering nickel-bearing deep sea nodules, and selected several of the most promising for possible future development.

### *Ore Reserves*

The Company's exploration and mines development programs in the Sudbury and Thompson areas during 1969 outlined sufficient new ore reserves to more than compensate for the ores mined during the year.

On December 31, the Company had proven ore reserves in Canada of 379,580,000 dry short tons, containing 12,370,000,000 pounds of nickel and 7,890,000,000 pounds of copper. At the end of 1968, the Company had 370,970,000 dry short tons of proven ore reserves, containing 12,240,000,000 pounds of nickel and 7,780,000,000 pounds of copper.

The Company reports as proven ore reserves only blocks of ore that have been defined by drilling and sampling, in accordance with its standard practice, in sufficient detail to permit calculation of the number of short tons of ore and its nickel and copper content.

### *Rolling Mill Divisions*

The Company's two rolling mill divisions, the Huntington Alloy Products Division in the United States, and Henry Wiggin & Company, Limited in the United Kingdom, delivered 109,710,000 pounds of alloy products, containing 72,230,000 pounds of nickel, in 1969, compared with 96,790,000 pounds and 65,320,000 pounds, respectively, in 1968. These increases were accomplished despite the allocation of nickel to these mills, and at the penalty of very sharp reductions in process and finished goods inventories.

The Huntington Division extended its special melting capabilities during the year by beginning operation of a 30,000-pound vacuum induction furnace at Burnaugh, Kentucky, and an electroflux remelt furnace at Huntington, West Virginia.

Wiggin began installation of a new electroflux remelt furnace at its rolling mill at Hereford, England. It will be the largest installation of its kind in Western Europe. A continuous casting machine capable of producing slabs and strip was installed at the mill during the last quarter of the year.

## MARKETING

### *Nickel Consumption*

The demand for nickel continued to grow during 1969, and it is expected to grow during the 1970's, but consumption was limited by supply. The free world consumed an estimated 820,000,000 pounds of primary nickel in 1969, compared with 830,000,000 pounds in 1968.

United States consumers received some relief from the shortage through the release by the United States Treasury Department, at the end of the year, of 9,000,000 pounds of nickel for defense purposes. Additionally, the United States Government made available to the Company a further 20,000,000 pounds of nickel for delivery to defense customers early in 1970. The Company agreed to an equivalent return to the Government of nickel in upgraded form in 1971 and 1972.

In the United States, consumption dropped from 340,000,000 pounds in 1968 to 310,000,000 in 1969, and in the United Kingdom and Continental



*This new experimental rolling mill is part of a major modernization program at International Nickel's Birmingham Research Laboratory in the United Kingdom.*



*Ore sample from New Caledonia being unloaded in Ontario for International Nickel's Port Colborne research stations, where pilot plant work is being conducted to determine the optimum metallurgical process.*





Europe from 320,000,000 pounds to 310,000,000. Consumption rose in Japan from 130,000,000 pounds in 1968 to 150,000,000 in 1969, and in Canada from 25,000,000 pounds to 28,000,000.

During 1969, there was increased consumption in primary nickel's two leading uses, stainless steels and high-nickel alloys. The increases were in terms both of the absolute amount of nickel used and the percentage of the total market. Stainless steel widened its lead over other products. The high-nickel alloys moved into second place ahead of nickel plating. This occurred sooner than expected because of the impact of Government defense requirements on United States consumption patterns.

The estimated comparative nickel consumption figures, in millions of pounds, are:

Product	1969	1968
Stainless steels . . . . .	320 39%	307 37%
High-nickel alloys . . . .	131 16%	119 14%
Nickel plating . . . . .	115 14%	124 15%
Constructional alloy		
steels . . . . .	90 11%	91 11%
Iron and steel castings .	74 9%	81 10%
Copper and brass		
products . . . . .	24 3%	27 3%
All others . . . . .	66 8%	81 10%

The largest uses of nickel, by industrial categories, are:

Consumer products . . . . .	15%
Construction and machinery . . . . .	14%
Automotive . . . . .	11%
Electronics . . . . .	10%
Chemical . . . . .	8%
Petroleum . . . . .	8%
Process . . . . .	8%
Aircraft . . . . .	7%
Power . . . . .	4%
Marine . . . . .	4%
Coinage . . . . .	2%
Architectural . . . . .	1%
Others . . . . .	8%

*Product Research and Market Development*

International Nickel has maintained strong research and market development staffs as essen-

tial components of growth and competitive strength. Because of the shortage of nickel, the Company directed its research and market development programs in 1969 to long-range potential applications, particularly in stainless steels and high-nickel alloys.

The Company also progressed in its long-term projects to develop markets for nickel powders in anticipation of the expansion of its facilities to produce this form of nickel.

The development of a new alloying process, called "mechanical alloying," was announced in 1969 by the Company's Paul D. Merica Research Laboratory at Sterling Forest, New York. The process, still in the laboratory stage, offers promise as a means of developing alloys with higher strengths at elevated temperatures for applications such as jet engine components.

A modernization program was begun during the year at the Birmingham Research Laboratory in the United Kingdom. It will provide improved research accommodations by extensive alterations to existing buildings and the installation of new facilities, including the introduction of computerized X-ray analytical equipment. The work is scheduled to be completed in 1971.

CORPORATE ORGANIZATION

*Changes*

On January 5, 1970, R. Ewart Stavert relinquished his office as a Director of the Company and became a member of the Advisory Committee. The Board of Directors has recorded its appreciation of his valued contributions to the Company during his 20 years of service as a Director.

Also on January 5, Peter D. Curry was elected a Director of the Company. Mr. Curry is Chairman and Director of The Investors Group, Winnipeg. He is also an Officer and Director of the Greater Winnipeg Gas Company, United Canadian Shares Limited, and the Great-West Life Assurance Company; a Director of a number of other Canadian companies; and Chancellor of the University of Manitoba.

On August 4, Henry W. Peterson was elected a Vice President of the Company and at the same



# STRIKES

time was named President of International Nickel Australia Limited and Managing Director of P. T. International Nickel Indonesia.

On December 18, William Steven was elected Vice President, Process Research and Technology. He had been Vice President, Process Technology and Product Development.

Louis S. Renzoni was elected Vice President, Special Technical Projects on December 18. He had been Vice President, Process Research.

The following officers were elected by the Board of Directors in February 1970:

John A. Pigott, Vice President and Division General Manager, Ontario Division.

John McCreedy, Vice President and Division General Manager, Manitoba Division.

Ashby McC. Sutherland, Vice President. He continues to be responsible for the overall corporate legal affairs of the Company, and for the basic arrangements involved in the New Caledonia project.

Dean D. Ramstad, Vice President. He has special responsibilities for assessment and recommendation of new development opportunities outside of Canada and New Caledonia, and for liaison with the Company's other foreign development projects.

Stephen F. Byrd, Vice President-Industrial Relations and Personnel. He is responsible for all industrial relations and personnel matters in Canada.

Also in February, the Board of Directors accepted with much regret the resignation of Paul Queneau as Assistant to the Chairman of The International Nickel Company of Canada, Limited. Mr. Queneau resigned to prepare himself for service in the field of education. He continues in the employ of the Company, serving as Consulting Engineer to the Chairman.

## *Industrial Relations*

The past year was a time of intense activity for the many persons in management engaged in the Company's industrial relations. Strikes, finally settled by agreement, occurred at the Ontario facilities and at the Clydach, Wales, nickel refinery.

Contracts were negotiated without a strike in early 1970 at Henry Wiggin & Company, Limited, and at the Manitoba Division. The Wiggin and Clydach settlements represent further steps in a long program to assure sound industrial relations and increase productivity at these facilities. The new contracts in Ontario and Manitoba will be a positive factor in attracting labour and thus increasing production.

On November 14, following a 128-day strike, the members of Local 6500 of the United Steelworkers of America in Sudbury ratified by a close vote a new contract arrived at four days earlier. The next week this same contract was ratified by the members of Local 6200 in Port Colborne.

The contracts provide wage rate increases averaging 93.7 cents (Can.) an hour, plus other benefits, over the life of the contracts, and represent an increase in International Nickel's employment costs of 35 per cent for the men involved. This places them among the highest paid employees in comparable industries in Canada and the United States. These contracts cover the period until July 10, 1972.

The negotiations for the new contracts affecting the Company's 17,200 Ontario employees started on March 18 and continued until the November settlement.

During the same period the United Steelworkers of America was negotiating with The Steel Company of Canada, Limited, and The Algoma Steel Corporation, Limited, both of which were also struck. On August 2, the union bargaining committee and The Steel Company of Canada reached an agreement providing for wage rate increases averaging 86 cents an hour plus other benefits. This was rejected by the union membership. On October 20, the union and The Steel Company of Canada settled its strike with a contract providing for wage rate increases averaging 93 cents an hour plus other benefits, and on November 5, the union and The Algoma Steel Corporation settled on substantially the same terms. International Nickel's settlement followed on November 14. The strike at Falconbridge Nickel Mines Limited, which had commenced on August 21, was settled on November 23, on substantially the same terms as those of International Nickel.



These four settlements in Ontario, all with contracts extending until the summer of 1972, were strongly influenced by earlier very large settlements in Canada, particularly in the construction industry. Following the Company's settlement, production resumed quickly and the bulk of the labour force returned more rapidly than expected.

In Manitoba, following six weeks of negotiations, the Company and Local 6166 of the United Steelworkers of America, in advance of the March 1, 1970 termination of the existing contract, reached agreement on a new labour contract for the 3,400 hourly paid employees of the Division. The union membership ratified the contract on January 26, 1970. It runs until March 1, 1973. While the new agreement is within the framework of the Ontario settlements, some differences were negotiated in recognition of the younger work force and different conditions in the more remote location.

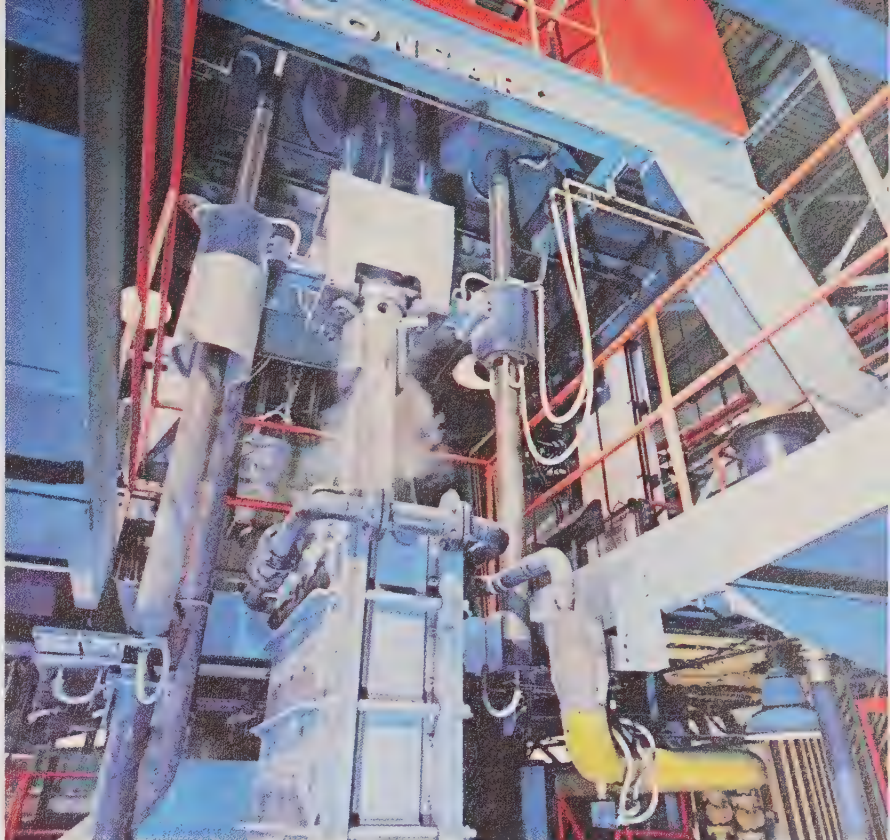
A strike of 800 workers started on September 19, 1969 at the Company's plant at Clydach in South Wales, which refines nickel matte received from the Ontario Division. It was settled on January 22, 1970, when a new 12-month wage and productivity agreement was reached with the Transport and General Workers' Union. Similar wage and productivity agreements were signed earlier with five craft unions at the refinery.

Henry Wiggin & Company negotiated 35-month agreements with the three unions representing production and craft employees at its Hereford, England, plant. The agreements became effective January 15, 1970.

## Employees

On December 31, International Nickel and its subsidiaries had a total of 34,321 employees in 18 countries, of which 25,434 were in Canada, 4,591 in the United Kingdom, 3,893 in the United States, and 403 in other countries. The comparable total figure in 1968 was 33,314. At the 1969 year end, 4,459 employees had served for 25 years or more and were members of the Company's Quarter Century Club.

Because of the importance of housing in attracting and stabilizing the labour force at its operations



*Huntington Alloy Products Division's new electroflux remelt furnace was installed in 1969 as a step in the extension of the Division's special melting capabilities.*

in Canada, the Company continues to make a major effort to encourage private builders to construct new dwellings, ranging from high-rise apartments to multiple-bedroom detached homes. During 1969, new housing starts by private builders in the Sudbury District totaled 1,800 units, compared with 750 in 1968. In the Thompson area, some 900 housing starts were made, which is a new record.

## Shareholders

The number of shareholders of record as of December 31 was 84,219, an increase of more than 8,600 over the number at the end of 1968. The Company's record of shareholders shows that 58 per cent of them have addresses in Canada, 39 per cent in the United States, and 3 per cent elsewhere. Canadian residents held 31 per cent of the number of shares outstanding, United States residents 55 per cent, and residents of other countries 14 per cent.

Numerically, the 48,609 shareholders with addresses in Canada, an increase of 7,454, were the highest on record for the Company at any year end.



## Consolidated Assets and Liabilities

	1969	1968
Current Assets		
Cash .....	\$ 24,008,000	\$ 29,225,000
Government and Other Securities .....	136,499,000	200,126,000
Accounts Receivable less provision for doubtful accounts .....	92,072,000	108,922,000
Inventories of finished and in process metals, and supplies .....	248,526,000	218,955,000
Prepaid Expenses .....	3,400,000	3,348,000
	<u>504,505,000</u>	<u>560,576,000</u>
Securities Held for Pension Plans .....	<u>11,308,000</u>	<u>8,131,000</u>
Other Assets		
Miscellaneous Securities .....	16,879,000	24,103,000
Charges to Future Operations .....	4,326,000	5,060,000
	<u>21,205,000</u>	<u>29,163,000</u>
Properties, Plant and Equipment .....	1,444,437,000	1,275,500,000
Less—Depreciation and Depletion .....	504,436,000	477,214,000
	<u>940,001,000</u>	<u>798,286,000</u>
	<u>\$1,477,019,000</u>	<u>\$1,396,156,000</u>

The explanatory financial section on pages 2 through 17

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

Henry S. Wingate } Directors  
James C. Parlee }

## Auditors' Report

*To the Shareholders of  
The International Nickel Company of Canada, Limited:*

We have examined the financial statements appearing on pages 18 through 24 of this report. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.



## Liabilities at December 31, 1969

Expressed in United States currency

	1969	1968
Current Liabilities		
Accounts Payable and Accrued Expenses .....	\$ 104,251,000	\$ 84,567,000
Long-Term Debt due within one year .....	6,986,000	—
Taxes based on Income .....	36,993,000	45,179,000
	<u>148,230,000</u>	<u>129,746,000</u>
Long-Term Debt .....	<u>184,314,000</u>	<u>178,300,000</u>
Provisions for		
Future Income Taxes .....	159,800,000	132,100,000
Pension Plans .....	11,308,000	8,131,000
Insurance, Operating Purposes and Exchange .....	26,847,000	29,440,000
	<u>197,955,000</u>	<u>169,671,000</u>
Shareholders' Equity		
Common Shares		
Authorized 90,000,000 shares without nominal or par value		
Issued 74,415,688 shares (1968—74,386,264 shares) .....	92,256,000	91,436,000
Capital Surplus .....	61,036,000	61,036,000
Retained Earnings and Capital Gains Employed in the		
Business .....	793,228,000	765,967,000
	<u>946,520,000</u>	<u>918,439,000</u>
	<u>\$1,477,019,000</u>	<u>\$1,396,156,000</u>

ough 24 is an integral part of this statement.

In our opinion, these financial statements present fairly the financial position of The International Nickel Company of Canada, Limited and wholly owned subsidiaries at December 31, 1969 and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

February 19, 1970

Price Waterhouse & Co.



US \$

## Consolidated Earnings for the Year Ended December 31, 1969

Expressed in United States currency

	1969	1968
Net Sales .....	<u>\$684,232,000</u>	<u>\$767,330,000</u>
Costs and Expenses		
Costs .....	432,441,000	471,473,000
Selling, General and Administrative Expenses .....	<u>39,946,000</u>	<u>36,573,000</u>
	472,387,000	508,046,000
Operating Earnings before items shown below .....	<u>211,845,000</u>	<u>259,284,000</u>
Other Income .....	21,072,000	13,992,000
	<u>232,917,000</u>	<u>273,276,000</u>
Provision For		
Taxes based on Income .....	57,698,000	86,837,000
Depreciation and Depletion .....	33,467,000	29,255,000
Pension Plans .....	11,783,000	6,912,000
Interest on Long-Term Debt .....	<u>13,426,000</u>	<u>6,527,000</u>
	116,374,000	129,531,000
Net Earnings .....	<u>\$116,543,000</u>	<u>\$143,745,000</u>
Net earnings per common share .....	\$1.56	\$1.93
Shares outstanding at end of year .....	74,415,688	74,386,264

## Consolidated Retained Earnings and Capital Gains Employed in the Business

Expressed in United States currency

	1969	1968
Balance at Beginning of Year .....	\$765,967,000	\$713,697,000
Net Earnings .....	<u>116,543,000</u>	<u>143,745,000</u>
	882,510,000	857,442,000
Dividends Paid on Common Shares .....	<u>89,282,000</u>	<u>91,475,000</u>
Balance at End of Year .....	<u>\$793,228,000</u>	<u>\$765,967,000</u>

The explanatory financial section on pages 21 through 24 is an integral part of these statements.



# Explanatory Financial Section

## GENERAL

The financial statements consolidate the accounts of the Company and wholly owned subsidiaries in Canada, the United Kingdom, the United States and other countries. For convenience, comparative figures are also shown for the preceding year, and figures are stated to the nearest thousand dollars.

As in past years, statements are expressed in United States currency, translations from other currencies having been made at applicable rates and in accordance with the Company's regular accounting practice. Current assets, current liabilities, securities held for pension plans and provisions for pension plans are translated at year-end rates of exchange. The translation of all other assets and liabilities generally recognizes the rates historically applicable. Income, costs and expenses are translated at average rates prevailing during each period; depreciation and depletion included in costs are translated at historical rates. Exchange adjustments resulting from the translation of items and currencies other than United States currency are applied to the accumulated provision for exchange.

## NET SALES

In 1969 net sales totaled \$684,232,000 as compared with \$767,330,000 in 1968, a decrease of \$83,098,000. The decrease was attributable principally to the strike at the Company's Ontario Division, partially offset by better prices for nickel, copper and platinum and the reduction of rolling mill inventories.

Net sales in 1969, compared with 1968, are summarized as follows:

	1969	1968
Primary nickel .....	\$326,967,000	\$399,967,000
Rolling mill products .....	195,265,000	162,225,000
Refined copper .....	109,131,000	150,539,000
Precious metals .....	33,813,000	36,615,000
All other .....	19,056,000	17,984,000
	<u>\$684,232,000</u>	<u>\$767,330,000</u>

## COSTS AND EXPENSES

In 1969 costs and expenses totaled \$472,387,000 as compared with \$508,046,000 in 1968, a decrease of \$35,659,000. The decrease in costs was primarily due to curtailed production as a result of the strike. Selling, general and administrative expenses for 1969 include directors'

remuneration of \$1,088,000, including salaries of all officers who were directors.

## OTHER INCOME

Other income included in earnings comprised:

	1969	1968
Interest .....	\$18,882,000	\$11,698,000
Dividends .....	525,000	386,000
Net gain on disposal of assets .....	1,665,000	1,908,000
Total .....	<u>\$21,072,000</u>	<u>\$13,992,000</u>

## WORKING CAPITAL

The decrease of working capital for the year amounted to \$74,555,000, comprised of a decrease of \$56,071,000 in current assets and an increase of \$18,484,000 in current liabilities. The changes in working capital are summarized as follows:

Working capital at beginning of year .....	\$	430,830,000
Additions:		
Net sales .....	\$684,232,000	
Proceeds from long-term debt ..	13,000,000	
Other income .....	21,072,000	
Issues of shares under stock option plan .....	820,000	
Other—Net .....	5,957,000	725,081,000
		<u>1,155,911,000</u>
Deductions:		
Cost and expenses, pension provision and interest on long-term debt (net of provisions for insurance and operating purposes) .....	\$498,188,000	
Taxes based on income (less \$27,700,000 of the provision for future taxes) .....	29,998,000	
Capital expenditures .....	175,182,000	
Dividends paid on common shares .....	89,282,000	
Current portion of long-term debt .....	6,986,000	799,636,000
Working capital at end of year .....	\$	<u>356,275,000</u>

## SECURITIES

Government and other securities included in working capital, which were comprised of time deposits and government and prime commercial securities maturing within twelve months, were carried at cost which approximated market at the end of each year.



Securities held for pension plans and miscellaneous securities, were also carried at cost. Market values in the aggregate were greater than cost at the end of each year.

## INVENTORIES

Inventories included in working capital comprised:

	December 31, 1969	December 31, 1968
Metals, finished and in process ..	\$196,728,000	\$172,625,000
Supplies .....	51,798,000	46,330,000
Total inventories .....	<u>\$248,526,000</u>	<u>\$218,955,000</u>

Despite a reduction in rolling mill inventories, total metal inventories increased by \$24,103,000 because the Company purchased larger quantities of nickel at market prices and unit production costs were higher.

Following the Company's regular accounting practice, inventories are valued at the lower of cost or market prices; cost for metals is production or purchase cost, and for supplies is average purchase cost. Inventory quantities were adjusted from time to time throughout the year to physical stock-takings. At the end of the year there were no substantial purchase commitments at prices in excess of market levels.

## PROPERTIES, PLANT AND EQUIPMENT

Changes in these accounts during the year are summarized as follows:

	Balance at beginning of year	Addi- tions	Retire- ments	Balance at end of year
	(000's omitted)			
Mines and mining plants ...	\$ 533,229	\$ 65,997	\$1,033	\$ 598,193
Smelters .....	383,929	51,722	1,538	434,113
Refineries .....	127,044	21,970	1,052	147,962
Rolling mills .....	180,296	19,322	1,462	198,156
Other .....	51,002	16,171	1,160	66,013
	<u>1,275,500</u>	<u>\$175,182</u>	<u>\$6,245</u>	<u>1,444,437</u>
Less—Depreciation and Depletion ..	<u>477,214</u>	<u>\$ 33,467</u>	<u>\$6,245</u>	<u>504,436</u>
	<u>\$ 798,286</u>			<u>\$ 940,001</u>

Substantially all of the above assets are stated at cost. Such cost in the case of the Company's mines—virtually all of which were discovered and developed by the

Company and not purchased from others—represents, with relatively minor exceptions, only that part of related development and acquisition costs that was capitalized.

The established policy relative to depreciation and depletion was continued during the year and provisions were made that, in the judgment of the management, will result in accumulated provisions adequate to offset, at the expiration of the estimated economic lives of the properties, the recorded cost of the investment in properties, plant and equipment. This policy is supported by studies made periodically of such lives of the properties. The total provision for the year of \$33,467,000 includes depreciation of \$28,397,000, generally computed on a straight-line basis, and depletion of \$5,070,000 computed on a declining balance basis. At the end of the year, the accumulated provisions were \$389,778,000 for depreciation, and \$114,658,000 for depletion. Depletion is based on recorded cost, established as explained above, and does not represent the "in place" value of the ore consumed during the year or the amount by which the value of the Company's ore reserves would have decreased through operations if new ore reserves had not been proven up to replace them.

## TAXES BASED ON INCOME

During the year \$57,698,000 was provided for taxes based on income, of which \$43,065,000 was for Canadian taxes and \$14,633,000 principally for United Kingdom and United States taxes.

The lower provision for taxes in 1969 is attributable principally to the decline in earnings caused by the prolonged strike at the Company's Ontario Division. The lower provision also reflects non-recurring tax refunds relating to prior years and tax relief on "new mines" income from the Birchtree mine in Manitoba.

As a result of tax regulations of Canada, the United Kingdom and the United States, certain timing differences exist in the reporting of deductions for book and tax purposes, primarily depreciation. Therefore, taxes based on income in the Consolidated Earnings statement includes a net provision for deferred taxes totalling \$34,100,000, of which \$6,400,000 relates to items of a current nature.

The cumulative tax effect of timing differences relating to items of a noncurrent nature is shown separately as provision for future income taxes of \$159,800,000 in the statement of Consolidated Assets and Liabilities. The cumulative tax effect relating to items of a current nature of \$7,500,000 is included in the current liability for taxes based on income.



## LONG-TERM DEBT

Outstanding long-term debt of the Company and its consolidated subsidiaries consists of the following:

	1969	1968
Debentures, 6.85%, due 1993 . . .	\$150,000,000	\$137,000,000
Bank Loan, 8.5% (6.25% to 6.75% in 1968) . . . . .	25,000,000	25,000,000
Other Loans, (Swiss Francs 70,000,000) 6.25% to 6.50%, due 1970-73 . . . . .	16,300,000	16,300,000
	<u>191,300,000</u>	<u>178,300,000</u>
Less—Long-term debt due within one year (Swiss Francs 30,000,000) . . . . .	6,986,000	—
	<u>\$184,314,000</u>	<u>\$178,300,000</u>

The debentures outstanding were sold at par in March 1968, \$13,000,000 of which were delivered and payment received in January 1969. Sinking fund payments calculated to retire 76% of the issue prior to maturity are required in annual instalments of \$6,000,000 in 1979 through 1983, \$8,000,000 in 1984 through 1988 and \$11,000,000 in 1989 through 1992. Additional payments into the sinking fund, not exceeding in any year that amount required as above, may be made at the option of the Company. Debentures retired through the operations of the sinking fund are callable at par. The Company has the option to make further retirements at redemption prices ranging progressively downward from 106.5% currently to 100% in 1990.

Under the terms of a credit agreement entered into during 1968, a subsidiary of the Company is entitled to borrow a maximum of \$75,000,000 against 90 day revolving credit notes having a final maturity not later than December 31, 1970. The notes bear interest at the prime commercial rate in New York, existing at the time of each borrowing, and a fee of  $\frac{1}{4}$  of 1% per annum is payable on the unused portion of the total commitment. At December 31, 1969, \$25,000,000 of such notes were outstanding. On December 31, 1970, the Company at its option may convert the commitment, in whole or in part, to term notes payable in nine equal consecutive semi-annual instalments, commencing June 30, 1971, with interest at  $\frac{1}{4}$  of 1% per annum above the prime commercial rate in New York in effect throughout the period of the term loan.

On December 23, 1968, a line of credit in the maximum amount of \$70,000,000 was authorized by the Export-Import Bank of the United States, none of which was outstanding at December 31, 1969.

## PENSION PLANS

In addition to assets held in Trust Funds by Trustees under Company pension plans, the Company held \$11,308,000 of securities at the year end, representing the amount set aside for pension plan benefits payable directly by the Company. A summary of pension plan transactions during the year follows:

Balance at beginning of year . . . . .	\$ 8,131,000
Add: Provision from earnings . . . . .	<u>11,783,000</u>
	19,914,000
Deduct:	
Contributions paid to Trustees (actuarially computed) . . . . .	\$7,806,000
Benefits paid directly by the Company . . . . .	800,000
	<u>8,606,000</u>
Balance at end of year . . . . .	<u>\$11,308,000</u>

The provision for pension plans of \$11,783,000 compares with the 1968 provision of \$6,912,000 or an increase of \$4,871,000. The increase was caused primarily by the granting of supplemental pensions to current pensioners and by providing for additional pension plan benefits.

The Company's pension plans cover substantially all of its employees. Provisions have been made for all significant past service costs.

## PROVISIONS FOR INSURANCE, OPERATING PURPOSES AND EXCHANGE

Changes in these provisions during the year were as follows:

Balance at beginning of year . . . . .	\$29,440,000
Add provision for:	
Self-insurance . . . . .	<u>1,000,000</u>
	30,440,000
Deduct:	
Net charges for operating purposes \$	1,592,000
Currency exchange adjustments ..	<u>2,001,000</u>
	3,593,000
The year-end provisions are:	
Self-insurance . . . . .	\$16,000,000
Operating purposes . . . . .	<u>9,616,000</u>
Exchange . . . . .	1,231,000
	<u>26,847,000</u>
Balance at end of year . . . . .	<u>\$26,847,000</u>

## COMMON SHARES AND CAPITAL SURPLUS

The Key Employees Stock Option Plan, ratified by shareholders at the Annual Meeting on April 24, 1957, authorized the granting of options on 1,750,000 unissued common shares at prices not less than 95% of the fair market value



on the day the options were granted. The options are exercisable in instalments beginning not earlier than one year after date of grant over a period not exceeding ten years from the date of grant. During 1969 options were exercised in respect of 29,424 shares, for which the Company received \$820,000, which has been credited in full to the common shares account and options for 400 shares expired. As of December 31, 1969 options for a total of 1,495,563 shares had been exercised, and 251,836 shares (including 110,887 shares for officers) were subject to outstanding options as follows:

<u>Date of Grant</u>	<u>Option Price Per Share</u>	<u>Shares for Officers</u>	<u>Total Shares</u>
April, 1960	\$19.90	5,500	5,750
March, 1961	25.20	—	8,733
November, 1961	29.00	33,825	69,552
December, 1962	23.40	1,562	16,617
August, 1966	32.70	70,000	151,184
		<u>110,887</u>	<u>251,836</u>

This plan was terminated in 1968 except as to options then outstanding, and no further options may be granted thereunder.

The Key Employees Incentive Plan, ratified by shareholders at the Special General Meeting on July 17, 1968, authorizes the granting of options to purchase up to 1,000,000 common shares at prices not less than 100% of their market value, pursuant to the Plan, on the day the option is granted. The Plan provides that no shares subject to option shall be purchasable prior to the expiration of one year after the date of grant nor after a period not exceeding ten years from the date of grant.

During 1969 options were granted for 389,700 shares and options for 4,500 shares were terminated. At December 31, 1969 there were 614,800 shares available for future grants of options and 385,200 shares (including 200,000

shares for officers) were subject to outstanding options as follows:

<u>Date of Grant</u>	<u>Option Price Per Share</u>	<u>Shares for Officers</u>	<u>Total Shares</u>
February, 1969	\$37.75	197,000	197,000
April, 1969	37.44	3,000	185,200
August, 1969	35.19	—	3,000
		<u>200,000</u>	<u>385,200</u>

The Plan, which is administered by a Committee of three or more Directors who are not eligible to participate in the Plan, also authorizes awards of supplemental compensation in respect of each year beginning with the year 1968 up to an aggregate amount not in excess of the "Incentive Fund" for such year. The amount of the Incentive Fund for each year shall be determined by the Board of Directors of the Company from time to time prior to the end of the following year, provided that the amount so determined shall not exceed an amount equal to 2% of the sum of the consolidated net earnings and provision for taxes based on income as set forth in the financial statements in the Annual Report of the Company for that year, plus an additional amount equal to any excess of the Incentive Fund for the preceding year over the amount of the awards made for that year, except that such additional amount shall in no event exceed the total amount of awards for the preceding year. Such awards may be made in, or in commitments to deliver, cash, shares of the Company, "share units" or such other kind or form of compensation as may, in the judgment of the Committee, be best calculated to further the purposes of the Plan, all on such terms and subject to such conditions as the Committee may determine.

The Incentive Fund for 1968 was determined to be \$2,500,000 and during 1969 awards of supplemental compensation totaling \$1,505,000 were made.

Capital surplus was unchanged during the year. It includes \$11,664,000 representing the amount received in 1930 for common shares in excess of the capital value assigned thereto, this amount being "distributable surplus" as defined by the Canada Corporations Act.



## Trust Funds Retirement System and Other Pension Plans

There are five irrevocable Trust Funds in Canada, the United States and the United Kingdom to implement the Retirement System and the other pension plans for the Company's employees. While the accounts of these Trust Funds are separate and distinct from the accounts of the Company and its subsidiaries, a summary of the accounts of the five funds appears in the ensuing paragraph for general information purposes.

At the beginning of the year, Government bonds and other marketable securities, at cost, and cash and other assets in the hands of the Trustees aggregated \$198,631,000. During the year total contributions paid to the Trustees by the Company and employees were \$7,988,000, income from investments was \$13,376,000, and Retirement System and other pension plan benefits of \$8,500,000 were paid from the Trust Funds. Accordingly, on December 31, 1969 the Trustees had assets in hand of \$211,473,000. These figures are expressed in United States currency, and exchange adjustments during the year resulted in a decrease of \$22,000 in terms of that currency.

At February 19, 1970 the Trustees of the three Canadian Trust Funds and of the United States and British Funds were:

### CANADIAN FUNDS

G. Arnold Hart  
Allen T. Lambert  
R. Samuel McLaughlin  
H. C. F. Mockridge  
Elmore C. Patterson  
F. M. A. Noblet

### UNITED STATES FUND

Elmore C. Patterson  
William C. Bolenius  
J. C. Traphagen  
H. C. F. Mockridge  
F. M. A. Noblet

### BRITISH FUND

International Nickel (Retirement System) Trustees Limited

## Counsel

SULLIVAN & CROMWELL  
OSLER, HOSKIN & HARCOURT

## Auditors

PRICE WATERHOUSE & CO.

## Transfer Agents

CANADA PERMANENT TRUST COMPANY, Toronto, Ont.  
THE ROYAL TRUST COMPANY, Montreal, P.Q.  
MORGAN GRENFELL & CO. LIMITED, London, England  
BANKERS TRUST COMPANY, New York, N.Y.

## Registrars

MONTREAL TRUST COMPANY, Toronto, Ont.  
MONTREAL TRUST COMPANY, Montreal, P.Q.  
LLOYDS BANK LIMITED, London, England  
MORGAN GUARANTY TRUST COMPANY OF NEW YORK, New York, N.Y.

## Dividend Disbursing Agents

BANKERS TRUST COMPANY, New York, N.Y.  
MORGAN GRENFELL & CO. LIMITED, London, England



## Ten-Year Review of Financial and Operating Results

Expressed in thousands except where noted

	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960
Net sales and other income	\$ 705,300	781,300	721,300	703,300	643,000	576,300	468,700	452,400	519,300	508,100
Costs, expenses and income taxes	\$ 588,800	637,600	579,500	585,100	499,200	440,500	362,400	358,200	430,500	427,400
Net earnings	\$ 116,500	143,700	141,800	118,200	143,800	135,800	106,300	94,200	88,800	80,700
Per common share*†	\$ 1.56	1.93	1.90	1.59	1.94	1.84	1.44	1.28	1.21	1.10
Common dividends	\$ 89,300	91,500	89,100	83,100	90,300	81,300	66,300	55,900	46,900	44,500
Per common share*†	\$ 1.20	1.23	1.20	1.12	1.22	1.10	0.90	0.76	0.64	0.61
Income taxes	\$ 57,700	86,800	78,300	69,000	93,500	66,700	43,600	37,400	60,900	60,200
Depreciation and depletion	\$ 33,500	29,300	26,100	26,200	26,500	27,500	26,200	24,300	19,900	15,500
Capital expenditures**	\$ 175,200	175,400	145,700	73,000	62,700	44,400	36,000	61,000	46,000	76,000
Exploration expenditures**	\$ 19,900	17,000	13,300	11,700	12,300	7,600	6,400	5,900	7,400	8,900
Total assets‡	\$1,477,000	1,396,200	1,120,300	1,022,800	986,800	898,500	809,600	759,700	744,900	678,700
Ore mined—wet short tons	18,800	24,900	20,400	17,600	19,800	16,400	13,600	13,800	17,500	16,800
Nickel deliveries—pounds	382,200	480,800	463,500	500,200	493,000	444,200	350,700	318,200	372,500	351,900
Copper deliveries—pounds	208,200	314,200	310,900	293,000	275,900	286,500	253,600	267,300	268,700	292,500
Platinum-group metals and gold deliveries—troy ounces	422	441	476	501	511	545	439	411	443	409
Employees*	34,321	33,314	32,552	31,837	32,512	30,501	26,907	27,606	32,052	30,447
Shareholders*	84,219	75,587	64,207	67,120	65,965	63,993	64,178	63,425	63,412	64,942

\*Units.

\*\*Includes capitalized exploration expenditures.

†As adjusted to reflect the split of shares on a 2-for-1 basis in 1960, and a 2½-for-1 basis in 1968.

‡Does not include any value for the minerals in the major portion of the Company's ore reserves.



## Officers

Chairman and Chief Officer		President	
HENRY S. WINGATE		ALBERT P. GAGNEBIN	
Senior Executive Vice President			
JAMES C. PARLEE			
Executive Vice President		Executive Vice President	
RICHARD A. CABELL		F. FOSTER TODD	
Vice President—Finance		Vice Presidents	
CHARLES F. BAIRD		JOHN A. MARSH	
Secretary		L. EDWARD GRUBB	
WILLIAM F. KENNEDY		H. FRANKLIN ZURBRIGG	
Comptroller		JOHN O. HITCHCOCK	
WALTER A. McCADDEN		WILLIAM STEVEN	
Treasurer		GLENN H. CURTIS	
F. M. A. NOBLET		STEPHEN F. BYRD	
Assistant to the Chairman		LOUIS S. RENZONI	
JOHN H. PAGE			

## Directors

Term Expires 1970		Term Expires 1971	
WILLIAM C. BOLENIUS Former Vice-Chairman, American Telephone and Telegraph Company, New York, N. Y.	JAMES C. PARLEE Senior Executive Vice President	JOHN J. DEUTSCH, C. C. Principal, Queen's University, Kingston, Ont.	H. C. F. MOCKRIDGE, Q. C.* Member of the firm of Osler, Hoskin & Harcourt, Toronto, Ont.
NORRIS R. CRUMP Chairman, Canadian Pacific Railway Company, Montreal, P.Q.	ELLMORE C. PATTERSON* President, Morgan Guaranty Trust Company of New York	HON. LEWIS W. DOUGLAS Former United States Ambassador, Court of St. James's, Sonoma, Ariz.	THE RT. HON. LORD NELSON OF STAFFORD Chairman, The General Electric and English Electric Companies Limited, London, England
PETER D. CURRY Chairman, The Investors Group, Winnipeg, Man.	GEORGE T. RICHARDSON President, James Richardson & Sons, Limited, Winnipeg, Man.	J. ROY GORDON* Director and Member of the Executive Committee	SIR RONALD L. PRAIN, O. B. E. Chairman of the RST Group of Companies, Lusaka, Zambia
ALBERT P. GAGNEBIN* President	LUCIEN G. ROLLAND President, Rolland Paper Company, Limited, Montreal, P.Q.	G. ARNOLD HART, M. B. E.* Chairman, Bank of Montreal	GEORGE C. SHARP Member of the firm of Sullivan & Cromwell, New York, N. Y.
JAMES H. GOSS President, A-T-O Inc., Cleveland, Ohio	IVOR D. SIMS Executive Vice President, Bethlehem Steel Corporation, Bethlehem, Pa.	J. K. JAMIESON Chairman, Standard Oil Company (New Jersey), New York, N. Y.	THE RT. HON. VISCOUNT WEIR, C. B. E. Chairman, The Weir Group Limited, Glasgow, Scotland
ALLEN T. LAMBERT Chairman and President, The Toronto-Dominion Bank	HENRY S. WINGATE* Chairman of the Board and Chief Officer	R. SAMUEL McLAUGHLIN Chairman, General Motors of Canada, Ltd., Oshawa, Ont.	SAMUEL H. WOOLLEY Chairman, The Bank of New York
DONALD H. McLAUGHLIN Chairman, Homestake Mining Company, San Francisco, Calif.			

\* Member of Executive Committee

## Advisory Committee

R. SAMUEL McLAUGHLIN, Chairman			
LANCE H. COOPER, M. B. E.	J. ROY GORDON	SIR OTTO E. NIEMEYER, G.B.E., K.C.B.	J. C. TRAPHAGEN
ALBERT P. GAGNEBIN	H. R. MacMILLAN, C.B.E.	R. EWART STAVERT	HENRY S. WINGATE



## Parent and Principal Subsidiary Companies

### THE INTERNATIONAL NICKEL COMPANY OF CANADA, LIMITED

*General Offices:* Copper Cliff, Ontario

*Toronto Office:* Toronto-Dominion Centre, Toronto 111, Ontario

### THE INTERNATIONAL NICKEL COMPANY, INC.

*General Offices:* 67 Wall Street,  
New York, N. Y. 10005, U.S.A.

### HUNTINGTON ALLOY PRODUCTS DIVISION

*New York Office:* 67 Wall Street,  
New York, N. Y. 10005, U.S.A.

*Huntington Office:* Huntington,  
West Virginia 25720, U.S.A.

### INTERNATIONAL NICKEL LIMITED

*General Offices:* Thames House,  
Millbank, London, S. W. 1, England

### HENRY WIGGIN & COMPANY, LIMITED

*General Offices:* Thames House,  
Millbank, London, S. W. 1, England

*Hereford Office:* Holmer Road,  
Hereford, England

## Principal Properties, Plants, Laboratories and Products

### PRODUCING MINES:

SUDBURY DISTRICT, ONTARIO — Frood-Stobie, Creighton,  
Clarabelle, Levack, Murray, Crean Hill, Garson,  
MacLennan and Totten

THOMPSON DISTRICT, MANITOBA — Thompson and Birchtree

### CONCENTRATORS:

SUDBURY DISTRICT, ONTARIO — Copper Cliff, Creighton,  
Levack and Frood-Stobie

THOMPSON, MANITOBA

### SMELTERS:

COPPER CLIFF, ONTARIO — *Nickel oxide sinters*

CONISTON, ONTARIO

THOMPSON, MANITOBA

### IRON ORE RECOVERY PLANT:

COPPER CLIFF, ONTARIO — *Iron ore and soluble nickel oxide*

### REFINERIES:

PORT COLBORNE, ONTARIO — *Nickel metal*

THOMPSON, MANITOBA — *Nickel metal and elemental sulphur*

COPPER CLIFF, ONTARIO — *Copper, gold, silver, osmium,  
selenium, tellurium, semi-refined platinum-group metals, and  
nickel sulphate*

CLYDACH, WALES — *Nickel metal — pellet and powder,  
nickel and cobalt salts and oxides, and iron powder*

ACTON (LONDON), ENGLAND — *Platinum, palladium, rhodium,  
ruthenium and iridium*

### RESEARCH LABORATORIES AND PILOT PLANTS:

SHERIDAN PARK, COPPER CLIFF AND PORT COLBORNE,  
ONTARIO

STERLING FOREST, NEW YORK, AND HARBOR ISLAND,  
NORTH CAROLINA, U.S.A.

BIRMINGHAM, ENGLAND, AND CLYDACH, WALES

### ROLLING MILLS:

PLANTS — HUNTINGTON, WEST VIRGINIA, AND BURNAUGH,  
KENTUCKY, U.S.A.; HEREFORD, ENGLAND —  
*Wrought nickel and high-nickel alloys*

RESEARCH LABORATORIES — HUNTINGTON, WEST VIRGINIA,  
U.S.A.; HEREFORD, ENGLAND



**ANNUAL MEETING**—The Chairman will make an oral report to shareholders at the Annual Meeting which will be held in Toronto, Ontario, on April 22, 1970. The Chairman's Address will be printed and mailed to the shareholders.

# INTERNATIONAL NICKEL

The International Nickel Company of Canada, Limited

The International Nickel Company, Inc.

International Nickel Limited



**The International Nickel Company of Canada, Limited**  
**ANNUAL MEETING**

April 23, 1969 • Toronto • Canada

Address to Shareholders by HENRY S. WINGATE  
Chairman of the Board

HENRY S. WINGATE

CHAIRMAN

THE INTERNATIONAL NICKEL COMPANY OF CANADA, LIMITED

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(NO ACKNOWLEDGMENT NECESSARY)



**The International Nickel Company of Canada, Limited**  
**ANNUAL MEETING**

April 23, 1969 • Toronto • Canada

Address to Shareholders by HENRY S. WINGATE  
Chairman of the Board

On peut se procurer cette plaquette en français en s'adressant au Secrétaire de la Compagnie, Centre Toronto-Dominion, Toronto 111, Ontario, Canada.



**M**y intention today is to speak only briefly on immediate operations and results, and then to devote most of my remarks to broad subjects of long-range importance to your Company and the mining industry.

I have comments on four matters that have occurred or require updating since the publication of the Annual Report:

First, the agreement formally establishing Compagnie Française Industrielle et Minière du Pacifique, known as "Cofimpac," was signed on March 14. This is the formal organizational step in the establishment of a company in which we will provide and have 40 per cent of the equity and be responsible for 70 per cent of the debt capital. The balance will belong to and be the responsibility of French private and governmental interests. International Nickel is to provide the technical direction of this company and is to be entitled to 50 per cent of its profits and be required to market 50 per cent of its product. Over the next 12 to 18 months Cofimpac will conduct a feasibility study with the goal of establishing facilities capable of producing up to 100,000,000 pounds of nickel annually from the hitherto untapped laterite ores of New Caledonia.

This is a most significant project, not only for us, but for France, New Caledonia, and nickel consumers. It is the consequence of more than 10 years of effort to find a basis for our bringing our abilities to bear for the development of these lateritic deposits. It represents a new form of partnership for us, but we think that the results of the feasibility study will be positive and that a sound foundation has been laid for a new large nickel-producing company.

Secondly, I wish to announce that after careful consideration starting shortly after the last Annual Meeting, we have decided to supplement the pension payments of our pensioners in Canada and the United States who retired in 1964 or before. This represents special assistance to some 2,000 ex-employees and widows of pensioners. The percentage of increase for each pension will vary, graduating progressively from 4 per cent for 1964 pen-

sioners to 25 per cent for pre-1951 pensioners. Somewhat similar adjustments to increase the purchasing power of pensions were made for pensioners in the United Kingdom in 1965. The last such adjustments for North America were made in 1955.

Thirdly, a brief report on our current labour negotiations in Ontario. As you know from the Annual Report, we suggested and the union agreed to beginning bargaining sessions nearly a month earlier than required. As a result, bargaining began on March 18. The contract involved is for the 17,200 hourly-paid employees at the Company's mining and refining operations in the Sudbury District and Port Colborne. The present contract expires July 10. At this stage, I can say that meetings are being held regularly—in fact, one is in session today at the President Hotel in Sudbury—and the discussions have been conducted with mutual respect and in a favorable atmosphere.

Fourthly, just a brief comment on the nickel supply-and-demand situation as we now see it. It is highly unlikely that supply and demand will come into balance in the next 12 months. Assuming no production problems related to our current labour negotiations, we expect our own deliveries in 1969 to be some five per cent higher than last year's. In 1969, all nickel producers will probably put into the market from 50,000,000 to 60,000,000 pounds more than they did in 1968. We can expect to see somewhat higher yearly increases in 1970, 1971 and 1972.

### ***Favorable Government Policy Essential***

And now, if I may, I would like to discuss with you the longer-range matters which I mentioned as being of importance. I sense that in this world of instant communications and of rapidly changing points of view, many of us in the mining industry perhaps have proceeded too long on certain assumptions that were becoming invalid. We have been inclined to assume as a matter of course that our special problems—as well as our special contributions to the common good—are understood and appreciated by the general public and by its representatives in government. Were we to continue to take too much for granted, I am afraid we could risk losing the broad public support that has been the basis for government policies toward our industry—policies that must be maintained if the mining industry is to



continue to make its very significant contributions to Canadian society.

The mining industry in Canada has for many years lived and prospered and made its forward plans under certain tax provisions designed to encourage exploration and to recognize the large capital requirements of the industry and the long time period between discovery and production. This nation has provided this economic climate because it has recognized the unusual cause-and-effect relationship that exists between the value of minerals produced and the value of the total output of the nation—the relationship between mining expansion and growth and the high Canadian standard of living. Incidentally, may I say that the mining industry is not the only one which government policy purposely encourages. Agricultural subsidies and tariff protection for many other industries are examples of purposeful government policy to encourage a given segment of the economy for the common national good.

### ***Mining Industry Benefits Canada***

The relationship between mining growth and a high standard of living is due to the unique historic role which the industry has played. It is the far-reaching, complex role of an explorer and developer of the wilderness, an employer of manpower in large numbers, an investor in facilities and equipment, a technological innovator, an industry heavily dependent on and committed to penetrating foreign markets, a large and dependable earner of foreign exchange, and a potent generator of secondary domestic industries and services. In short, it is a fact beyond argument that through the years the mining industry has been the focus of the economic development in this country.

As the distinguished Canadian-born economist, Neil H. Jacoby, observed in a recent monograph, the prevailing view among contemporary economic theorists is that “economic growth through the development of ‘leading industries’ by private enterprise and government is the optimum route to overall economic growth by countries in the Western world.”

Dr. Jacoby went on to say that the vast outlays which have been made by minerals firms in Canada through the years, in exploration and development, have in turn induced “further

outlays in refining, smelting, pipelines, railroads, water transport, construction, and secondary and tertiary producer and consumer goods industries. Mineral discoveries have caused dozens of new cities and towns to spring up in the Canadian northlands.”

### ***Thompson's Contributions***

Let me illustrate Dr. Jacoby's findings in concrete terms. In 1956 we pushed the button, so to speak, on what is now Thompson—today the third largest community in Manitoba, a modern city and still growing—18,000 people and will in the not-too-distant future be 30,000. Here truly is an example of opening the North. And if one thinks the benefits are confined to that area, let me give you a few examples of orders that our Thompson project placed on suppliers throughout Canada. You will immediately visualize what these mean in terms of jobs, investment, and the resultant taxes paid by firms and individuals.

Last year, for instance, our Thompson project placed orders

on

*Dominion Bridge in Winnipeg for some \$4,000,000  
for structural steel,*

on

*Hawker Siddeley in Sydney, Nova Scotia for over  
\$1,500,000 for ore cars,*

on

*Atco Industries in Calgary, Alberta for a half million  
dollars' worth of bunkhouse trailers,*

on

*Algoma Steel at Sault Sainte Marie, Ontario for grind-  
ing rods, reinforcing steel and steel rails for some  
\$670,000,*

on

*MLW-Worthington in Montreal for \$650,000 for rail-  
way locomotives.*



I could go on, I suppose, for an hour listing our Thompson expenditures across the nation for supplies and equipment of all types, which last year totaled almost \$100,000,000.

And in the process, Thompson alone produced about \$90,000,000 worth of exports and in so doing, it alone made possible the import of all the citrus fruits enjoyed in Canada, whether they be fresh, canned or concentrated—or alternatively, if you will, it alone made possible nearly enough foreign exchange to allow the import of all the tea and coffee drunk in Canada.

The point I want to make is simple. Thompson might not have yet or ever occurred—it might never have been discovered. It took 10 frustrating years and \$10,000,000 to find an ore body. And remember, no one knew it existed. But even assuming discovery, could it have been developed then? The area was remote—facilities nonexistent—nickel was in good supply—new large Cuban operations were about to come into being, with assurance of favored access to the United States market.

The decision to move ahead at that time could have gone the other way. I can personally attest to this, for I actively participated in it and remember how close we came to not going ahead when we did. Clearly, under the conditions then existing, there would have been no justification for our moving ahead if we were not working in a country with a long history of stability and long-standing taxation policies which encouraged such a move. Their predictability, as well as their form, was an essential element.

### ***Tax Policies of Concern***

I would be less than candid if I did not say that today the uncertainty of future tax policies is a very real source of concern to all of us in the mining industry. Speaking as Chairman of your Company, let me say we have and will have close, hard decisions to make on exploration and on the development of new properties. These decisions will be seriously affected by any fundamental change in Canada's tax policies affecting the mining industry—the industry for which Canada is renowned throughout the world.

It is disturbing that radical changes in tax policy affecting our industry are advocated by some, but the lesson to us is that

somehow we have not been wholly successful in accomplishing an understanding by others of the realities of our industry. There is no easy answer to this, but I do suggest we must give increased attention to it. My own belief is that although almost everyone labours under some bias, dispassionate and well-reasoned analysis, supported by hard information, generally will be received by, and prevail with, fair-minded people in the government, in the press, in the academic community, and among the great public at large.

### ***Mining Involves Unique Risks***

We must somehow become more successful in explaining the fact that mining ventures involve unique risks, whether undertaken by an established company or by one seeking its first strike. We must work harder to gain public understanding of the immense capital costs required to realize the potential which an ore body may represent. And we must strive to have the public understand the implications of the very long time period between discovery and production in a mining project.

These three aspects—special risks, high capital costs, and long lead time—together with the demonstrated contribution this lead industry has made for the progress of Canada, are the essential underpinnings for public understanding of the mining industry.

We must be sure that those whose decisions vitally affect the mining industry make their decisions based on these realities of the industry. Also taken into consideration should be the fact that competition among different mining locations around the world is of growing intensity, and relative cost factors, including tax policies, together with governmental cooperation, generally will significantly affect the choice of one location compared to others. Illustrative of this is a statement by the Ontario Minister of Mines, The Honourable Allan F. Lawrence, who recently told the legislature that development of an iron ore property in the Nakina area, 150 miles northeast of Port Arthur, had been delayed by difficulties in arranging financing “due to certain doubts that exist in the minds of people in other countries respecting Canadian tax policy and even provincial policy, respecting resources in this province.”



It is particularly difficult for a financially successful company like International Nickel to be convincing in its efforts to explain why its prospects may be damaged by changes in public policy. It is difficult for others to comprehend that today's financial results reflect in great part discoveries and risks taken as long as 20 to 30 years ago, and that properties being investigated and facilities being constructed today must form the foundation for achievements years from now.

### ***Necessity of Developing New Techniques***

The challenge presented today by declining Canadian nickel ore grades, which require development of superior processing techniques if we are to remain competitive, is another aspect of the industry that is not easily understood by persons without experience in the mining industry. Perhaps I am overly sensitive, but I frequently find myself irritated by the lack of reality shown by those who fail to understand the contribution that mining companies make in turning previously useless earth into ore bodies. By significant improvements in mining methods, highly technical processing breakthroughs and creative marketing, the industry has turned what was 10 years ago useless rock into a national resource.

Our industry needs to pay constant attention not only to a gap in effective communications and to improving the understanding of those who control the conditions which affect us, but also to keeping our policies in harmony with the public interest.

It is one thing, for example, to resist tax proposals which would sharply alter cost structures, reduce returns on investment and restrict access to capital markets or reconvert marginal ores into useless material, thus adversely affecting the industry's preparedness and capacity to develop new mines and future markets. It is quite another to respond always negatively when asked to bear a share of the growing costs of public services.

### ***Mining Industry's Responsibilities***

The mining industry must appropriately recognize its responsibilities to the communities in which it operates. That is why we responded to the recent discussion of ways to raise additional

funds for local services in Ontario by suggesting that local authorities be granted the power to tax surface facilities of mining companies. We feel that this departure from long-established practice, involving a substantial increase in our own tax obligations, is an equitable way of providing needed governmental revenues—without weakening the basic structure of the industry, as might have resulted from certain other proposals that had been suggested.

Sound policy on the part of the mining industry must rest also with recognition that custody of a natural resource, even though largely created by your own innovations, involves a kind of public trust. Certainly, it is we who provide the know-how, the capital and the willingness to risk in order to make these resources of value, but the fact remains that the minerals, for whatever they may be worth now or in the future, are not the sole property of the mining industry—they belong in part to a nation, a people, and in a larger sense, to the world.

### ***Utilization of Mineral Resources***

Mineral resources in high concentration forms are limited. This means they must be utilized most professionally and intelligently. We must continue to press forward to find ways to utilize all of them. Our objective must be to throw away nothing of value—to allow nothing to be bypassed in our mining, to end up in the tailings pit, to escape up the chimney or onto the slag pile. Our methods must cold shoulder the quick, short-term profit if it means waste, and we must reject the quick-in, quick-out ghost town approach. This at times has done untold damage to our industry, and this is why wherever your Company mines, our operations are geared to the long term and, as much as present technology allows, to the extraction of all values from the ore.

### ***Concern With Environmental Pollution***

And we must do our job and still meet what society expects of us. Environmental pollution is an example. Mining companies have been accused of destroying the land, of poisoning the water, of spewing fumes into the air. While those of us in the industry can correctly point out that the effects of environmental pollu-



tion have not been fully understood, that there are numerous causes of pollution beyond industry, that public expectations change, and that technology has not always been and may not be available to solve the problem, I think we must also concede that improvement of the practices of the mining industry has not always been sufficiently rapid.

Your Company, recognizing the depressing effects of environmental pollution, is determined to have a good record in the area of pollution abatement, and we have been giving this matter high priority.

For the past decade, for example, our Agricultural Department has been experimenting with and successfully applying methods for reclaiming sterile mine tailings through use of techniques for growing plants without soil. As a result, today hundreds of acres of tailings area have been converted to pasture land, and those who live in the vicinity are no longer plagued with dust storms.

We have adopted techniques to prevent pollutants from our mines from entering nearby lakes and streams, and at Sudbury we are now utilizing a recirculation system which conserves more water than the city itself annually consumes.

We have recently announced plans to build a 1,250-foot chimney, tallest in the world and approximately the same height as the Empire State Building in New York, to serve our Copper Cliff smelter complex. The chimney, by highly effective dispersion, will assure that air in the Sudbury area will be cleaner than that of any other industrial community in Ontario.

And the world's mining industry must deal realistically with the natural desire of each nation to encourage the optimum processing and treatment within its own territory. What the optimum is, is not always a simple matter, for marketing and historical and overall economic factors must also be considered, if the end result is not to be counter to each nation's objectives. Over the years I am proud of our accomplishments in meeting Canada's natural desire to maximize the work performed here, and I would add that as we plan mining in other countries, we

intend to respect their desire to maximize the processing and treatment in their own country.

### ***Need for Young Talent***

There are other areas we must attack. For example, it is a striking and depressing fact that at the present time in all of Canada there are only 155 young people enrolled in undergraduate mining courses in the nation's institutions of higher learning, of whom it is expected that only 39 will receive undergraduate degrees in mining engineering this year. And the nation's largest university has closed its undergraduate department of mining engineering because not enough students were interested to justify its continuance. This same most serious trend is occurring in the United States.

The starting place in seeking answers to this and other related problems facing us is objective self-inspection. Such self-inspection shows an industry which, justly or unjustly, is nevertheless thought of by many as not excelling in sensitivity to human beings and in awareness of the public interest, nor in modern technology or modern management methods. It also necessarily shows an industry which requires tough, hard work, often in remote locations.

This says to me that, yes, we must get across the story of what we in fact have done in the past and what we are now doing—and what we face ahead—but beyond that we increasingly must utilize all the modern skills of training and personnel management to develop and update individual abilities and to motivate each person so he can contribute effectively and rewardingly. We at International Nickel are initiating new and improved programs in the area of individual performance appraisal, management development and training to meet these needs.

We must also push, at maximum possible speed, programs to mechanize and automate our business. I might add that few—too few outside the business—are aware of how much of this has already been done or is under way.

It is increasingly important that we study carefully how to make our industry rewarding and attractive to the young, capable minds of today with special emphasis on the unique quali-



ties of our business—its increasing demand for highly-qualified research and scientific talent, its worldwide scope, its operations in remote places and its unique opportunity to contribute to a national economic growth.

I think we must also develop further our capacities and abilities in community and area advancement—our position is often unique as the sole or key industry in an area. We must keep ourselves equipped to do our part in creative community and area planning and development—and do so without creating debilitating dependence on “the Company.”

Our own long-term interests demand that we address ourselves to these many needs. As an industry, our opportunities are as great as any, and better than most, to contribute to the world's well-being. We can be the key factor in the economic growth in developed and underdeveloped countries—we can be a real force in creating wealth—we can make major contributions in creating jobs for human beings—jobs which they can perform with satisfaction and dignity. We have the opportunity to modernize the outlook of our industry, to better define and constantly improve its relationship with the community, with all the people who constitute the industry and with the times in which we operate. To do this—and to do it soundly—is in the interest of shareholders, employees, customers and the communities and nations in which we operate. Doing this is an imperative that all of us in International Nickel recognize and are determined to accomplish.

THE INTERNATIONAL NICKEL COMPANY OF CANADA, LIMITED  
(As of April 23, 1969)

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THE INTERNATIONAL NICKEL COMPANY OF CANADA, LIMITED  
(As of April 23, 1969)

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